Drumbeat: May 20, 2013

Posted by Leanan on May 20, 2013 - 9:22am

Wells Dry, Fertile Plains Turn to Dust

Vast stretches of Texas farmland lying over the aquifer no longer support irrigation. In west-central Kansas, up to a fifth of the irrigated farmland along a 100-mile swath of the aquifer has already gone dry. In many other places, there no longer is enough water to supply farmers' peak needs during Kansas' scorching summers.

And when the groundwater runs out, it is gone for good. Refilling the aquifer would require hundreds, if not thousands, of years of rains.

This is in many ways a slow-motion crisis — decades in the making, imminent for some, years or decades away for others, hitting one farm but leaving an adjacent one untouched. But across the rolling plains and tarmac-flat farmland near the Kansas-Colorado border, the effects of depletion are evident everywhere. Highway bridges span arid stream beds. Most of the creeks and rivers that once veined the land have dried up as 60 years of pumping have pulled groundwater levels down by scores and even hundreds of feet.

Insight: The fight for North Dakota's fracking-water market

WATFORD CITY, North Dakota (Reuters) - In towns across North Dakota, the wellhead of the North American energy boom, the locals have taken to quoting the adage: "Whiskey is for drinking, and water is for fighting."

It's not that they lack water, like Texas and California. They are swimming in it, and it is free for the taking. Yet as the state's Bakken shale fields have grown, so has the fight over who has the right to tap into the multimillion-dollar market to supply water to the energy sector.

WTI Crude Halts Three-Day Advance; Syria Starts Offensive

West Texas Intermediate crude snapped a three-day gain. Syrian government forces started an offensive against rebels, renewing concern that conflict may destabilize the Middle East.

Futures declined in New York after rising for a third day on May 17. Government forces retook most of the strategic city of Al-Qusair in central Syria, state-run SANA news

agency said. Iraq resumed crude exports via Turkey after a bomb attack targeted an oil pipeline on May 17. Hedge funds and other money managers raised bullish bets on Brent to their highest level in six weeks, according to data from ICE Futures Europe.

"Syria is a microcosm of the unrest across the Middle East and could spread to other countries," said Christopher Bellew, a senior broker at Jefferies Bache Ltd. in London.

Hedge Funds Boost ICE Brent Crude Net-Longs to Six-Week High

Hedge funds and other money managers raised bullish bets on Brent crude to their highest level in six weeks, according to data from ICE Futures Europe.

U.S. Gasoline Rises to \$3.6566/Gallon in Lundberg Survey

The average price for regular gasoline at U.S. pumps rose 11.19 cents a gallon in the past two weeks to \$3.6566 a gallon, according to Lundberg Survey Inc.

The survey covers the period ended May 17 and is based on information obtained at about 2,500 filling stations by the Camarillo, California-based company.

Gas prices lower, but not leading to more spending

NEW YORK (CNNMoney) - Gas prices are slightly lower this year, but that's not leading to a large pick-up in consumer spending, according to a survey by Bankrate.com.

About 80% of the 1,000 people Bankrate surveyed said they have not increased their discretionary spending in response to falling gas prices this year.

Saudi Arabia to import near record high diesel this summer

Saudi Arabia will import near record high diesel volumes this summer, as it gears up to beat the sweltering heat and meet rising travel needs during the Muslim fasting month of Ramadan, trade sources said.

State oil giant Saudi Aramco will import up to 8.9 million barrels of diesel in June, up from an estimated 6.7m to 7.5m barrels in May, according to the sources, who expect at least the same volume or higher to be booked for July.

Saudis Cut March Crude Exports as West Africans Boost Shipments

Saudi Arabia, Kuwait, and Venezuela reduced crude oil exports in March from the previous month while West African members of the Organization of Petroleum

Exporting Countries increased shipments, according to official data.

Qatar sets up \$1 billion energy infrastructure fund

DOHA (Reuters) - Three Qatari state-backed entities, including the Gulf Arab nation's acquisitive sovereign wealth fund, are setting up a \$1 billion fund to invest in overseas energy infrastructure assets.

Natural Gas Rises 5% From Week Ago as U.S. Approves LNG Exports

Natural gas futures extended gains after the U.S. conditionally approved a Texas liquefied natural gas project.

Chesapeake names Anadarko executive as new CEO

OKLAHOMA CITY (AP) -- Chesapeake Energy has named Anadarko Petroleum executive Robert Douglas Lawler as its new CEO.

The appointment of the 46-year-old Lawler comes after a tough year for Chesapeake. Its former CEO Aubrey McClendon was ousted last year amid a scandal over his personal investments in the company's oil and gas wells.

Massive penalty brings down top executives in Kuwait oil sector

KUWAIT CITY - Kuwait's vital oil sector has undergone a major reshuffle, with new executives appointed for the subsidiaries of Kuwait Petroleum Corp, after a new KPC chief was named, the national oil firm said Monday.

The decisions were taken at a meeting late Sunday by KPC board of directors headed by Oil Minister Hani Hussein, replacing all the top executives of the eight subsidiaries and other departments in the KPC.

<u>United to restart 787 flights on Monday</u>

United Airlines is getting its 787s back in the air.

The planes are returning after being grounded for four months by the federal government because of smoldering batteries on 787s owned by other airlines. The incidents included an emergency landing of one plane, and a fire on another.

Commutes long, slow after Conn. train derailment

BRIDGEPORT, Conn. (AP) — Connecticut commuters embarked on long, slow trips to and from work Monday following last week's train collision that that injured 72 people and disrupted rail service into New York City.

Connecticut Gov. Dannel P. Malloy said commuters should prepare for a week of disruption.

Fill 'er up at Blu ... with natural gas

(Fortune) - If you drive down I-15 past State Highway 160 in Beaver, Utah, you'll see a 30-foot-tall silo with white letters that spell out "Blu." Next to it is a truck stop. It is no ordinary truck stop. The silo contains liquefied natural gas (LNG) chilled to -200° F and ready to fuel specially outfitted 18-wheelers. The facility is owned by Blu Transfuels, a partnership between ENN, one of China's largest clean-energy companies, and CH4 Energy, a small outfit based in Salt Lake City. This year Blu expects to build 50 natural-gas filling stations nationwide.

Tesla's fight with America's car dealers

NEW YORK (CNNMoney) - Tesla Motors doesn't want to sell its cars the way every other car company does, and that's making a lot of traditional automobile dealers mad. And those dealers are fighting back.

Both sides insist they're only trying to protect car buyers.

Toyota to increase lithium-ion battery production for hybrids

TOKYO - Toyota Motor Corp. is planning to increase production of lithium-ion batteries by six times, as the automaker prepares to eventually use them in its flagship Prius gasoline-electric hybrid cars, the Nikkei business daily reported on Sunday.

Currently, most of Toyota's hybrid vehicles use nickel-metal hydride batteries but the automaker is planning to make more cars with lithium-ion batteries, which can be made smaller and lighter, thus enhancing fuel economy, the Nikkei said without citing sources.

Tepco Nuclear Restart Depends on Safety Call as Shares Surge

Tokyo Electric Power Co. needs to assess whether its Kashiwazaki Kariwa plant in northern Japan meets the country's new safety requirements before applying for a restart of the nuclear facility.

Japan's biggest power company by generation capacity, known as Tepco, denied that it will ask to restart the idled reactors in July, it said in a statement today, even as its

shares surged on a report that it will make an application.

Our need for hydrocarbon and nuclear industries is growing

Compared with wood, coal has fewer free-loading carbon atoms and more energy-loaded bonds with hydrogen atoms. The result is that coal has a better energy density, packing more energy per unit weight. And it does so precisely because it carries less carbon baggage than wood.

As cleverly pointed out by Jesse Ausubel at the Rockefeller University and others, we've been slowly kicking carbon out of our energy mix for over 200 years through transitions from wood to coal, then oil and methane.

This isn't just because the more energy dense hydrocarbons are cleaner, it's simply because they're better.

We can let fission fizzle out in a renewable world

AT THE start of this year Germany officially entered the Dark Ages again – at least according to its state weather service. A mere 22.5 hours of sunshine were recorded in January – a 60-year low. Despite this, the country's power supply, which has a world leading input from solar panels, firmly stood its ground, even without the eight nuclear reactors that were switched off in 2011.

There was sufficient energy for charging smartphones, running dishwashers and the like – and enough for slightly more essential things such as industry or life-support systems in hospitals. And people in need of a fake tan could easily get one.

As Towns Say No. Signs of Rising Resistance to Smart Meters

BRADY, Tex. — In October, the City Council of this Central Texas town voted unanimously to purchase advanced electric meters, known as smart meters, for the city-owned electric utility. But some residents resisted, and the smart meter vote played a large role in last weekend's recall of the city's mayor and the electoral defeat of two council members.

Voters here passed a referendum last weekend to enshrine in the City Charter the right of residents to refuse the installation of smart meters on their property. Sheila Hemphill, an organizer of the effort, called the victory her "San Jacinto."

The reaction in Brady could signal a shift in the debate over smart meters, which collect detailed data on electricity use and transmit it to the utility using radio frequencies. A raft of bills were introduced during the legislative session that would allow individuals to keep their old meters, but all have faltered. Local resistance to smart meters, however, appears to be rising.

Suburban poverty soars

Poverty is growing faster in the suburbs than anywhere else in the United States, soaring 64% over the past decade.

That was more than twice the growth rate of the urban poor population, according to the Brookings Institution, which released a book Monday titled *Confronting Suburban Poverty in America*. There are now almost 16.4 million suburban residents living below the poverty line, nearly 3 million more than in the cities.

Dear American Consumers: Please don't start eating healthfully. Sincerely, the Food Industry

Humans evolved in situations in which food was scarce. This led to an evolutionary adaptation that causes you to crave salty, sugary and fatty foods. Consuming foods with these characteristics actually lights up the same pleasure centers in the brain as cocaine. Who wouldn't play upon that biological craving to increase profits? If one company didn't, their competitors would, so we all kind of have to do it.

We are also able to provide you with perceived value. Because it doesn't cost us that much more to make a soda, say, 42 ounces instead of 22, we can almost double the size of a beverage and only charge you 20 percent more. How could you resist a deal like that? You can't. Trust us, we know.

Farm Equipment That Runs on Oats

After World War II, when farmers traded in tens of millions of horses for tractors — "There was no place for the horses except the glue factory," Mr. Miller said — the use of draft horses plummeted. By the 1970s, some of the breeds that had been the most popular were down to the thousands.

But "since then, the number of work horses and draft mules has steadily climbed," said Mr. Miller, who has written more than a dozen books on the subject. "People are attracted to the way of working with animals, of being back in touch with nature, of regaining a kind of rhythmic elegance to our lives."

Marine who dumped toxins felt illness was payback

CAMP LEJEUNE, N.C. (AP) — Ron Poirier couldn't escape the feeling that his cancer was somehow a punishment.

As a young Marine electronics technician at Camp Lejeune in the mid-1970s, the Massachusetts man figured he'd dumped hundreds of gallons of toxic solvents onto the ground. It would be decades before he realized that he had unknowingly contributed to the worst drinking water contamination in the country's history — and, perhaps, to his

own premature death.

Analysis: Airline emissions deal may not come before EU deadline

(Reuters) - Hope is fading for a global deal to regulate the airline industry's greenhouse gas emissions ahead of a fall deadline, even though failure could push the industry back to the brink of a trade war over the European Union's emissions trading system.

Last November the EU suspended its controversial scheme to force all airlines to buy carbon credits for any flight arriving in or departing from European airspace.

Slower warming 'may give climate reprieve'

A recent slowdown in global warming means the harshest climate change predictions are less likely in the immediate decades, say an international team of scientists.

Others argue the conclusions need to be taken with a 'large grain of salt'.

A Change in Temperature

Some recent scientific papers have made a splash by claiming that the answer might not be as bad as previously feared. This $\underline{\text{work}}$ — if it holds up — offers the tantalizing possibility that climate change might be slow and limited enough that human society could adapt to it without major trauma.

Several scientists say they see reasons to doubt that these lowball estimates will in fact stand up to critical scrutiny, and a wave of papers offering counterarguments is already in the works. "The story is not over," said Chris E. Forest, a climate expert at Pennsylvania State University.

Viewpoints: Should California cap and trade use forestry offsets? Yes

The opportunity before California could have large impacts beyond our border – accepting limited carbon offsets from states that meet rigorous criteria for reducing tropical deforestation. Carbon offsets in California's cap-and-trade program play a limited role in overall state reductions, and any tropical forest offsets could – and should – also play only a minor role within the program.

Viewpoints: Should California cap and trade use forestry offsets? No

When Californians passed AB 32, the Global Warming Solutions Act, we committed to

one of the most forward-thinking pieces of climate legislation in the country, with comprehensive strategies to reduce carbon emissions from nearly all sectors of the economy. Unfortunately, the California Air Resources Board is considering a move that will undermine the best intent of this law by linking it to a benign-sounding yet dubious and untried scheme to protect rain forests in Mexico and Brazil.

Many peasant farmers and indigenous people who live in those forests oppose the proposal, fearing it will repeat an all-too-familiar pattern of land-grabbing, without actually stopping deforestation. Californians should oppose it, too.

Why Summer in the City Will Get More Deadly

Heat kills. In 1995 five days of stifling heat lead to more than 750 deaths in Chicago, as mostly elderly and sick people died in their ovenlike apartments. In 2003, a record heat wave struck much of Europe, which led to as many as 70,000 additional deaths due in part to heat. France, which was unused to lingering heat in the summers and which mostly lacks air conditioning, was hardest hit. Thousands of elderly people died during the heat wave in August of that year, so many that some bodies were left unclaimed for weeks. Undertakers in Paris ran out of space to store all the corpses.

Floating homes and schools on stilts: Climate-proofing our towns and cities

'Understanding why changes are occurring today and how they could increase in the future is the first step in maintaining the security of our coastal regions for future generations.'

The challenge of maintaining that security is being tackled all over the world, but with particular innovation in Rotterdam. The Dutch port city – the busiest in Europe – lies almost entirely below sea level on the delta formed by the Rhine and Meuse rivers, making it extremely vulnerable to flooding.

With sea levels set to rise, its planners are already looking ahead, vowing to make Rotterdam completely 'climate-proof' by 2025.

Coast Guard investigating Shell barge that ran aground in Alaska

ANCHORAGE, Alaska -- The Coast Guard will kick off hearings Monday on how a Royal Dutch Shell PLC drill barge used for Arctic Ocean exploratory drilling ended up aground off a remote Alaska island.

Japan should strategically engage in discussions on Arctic development

As an increasing number of countries have clearly demonstrated their interest in the commercial and military potential of the Arctic Ocean, the government should unite relevant parties to draw up a national strategy on the region.

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